



# PUBLIC NOTICE

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## **WIRELINE COMPETITION BUREAU ANNOUNCES ANNUAL ADJUSTMENT OF REVENUE THRESHOLDS**

This notice announces the inflation-adjusted 2013 revenue thresholds used for classifying carrier categories for various accounting and reporting purposes: (1) distinguishing Class A carriers from Class B carriers;<sup>1</sup> and (2) distinguishing larger Class A carriers from mid-sized carriers.<sup>2</sup> The revenue threshold between Class A carriers and Class B carriers is \$150.2 million.<sup>3</sup> The revenue threshold between larger Class A carriers and mid-sized carriers is \$8.9 billion.<sup>4</sup> The revenue thresholds for 2013 were determined as follows:

	Class A to Class B <u>Threshold</u>	Larger Class A to Mid-size <u>Threshold</u>
(1) GDP-CPI Base (2009=100)	71.282 <sup>5</sup>	84.244 <sup>6</sup>
(2) 2013 GDP-CPI <sup>7</sup>	107.099	107.099
(3) Inflation Factor (line 2 ÷ 1)	1.502	1.271
(4) Original Revenue Threshold	\$100 million	\$7 billion
(5) 2013 Revenue Threshold (line 3*4)	\$150.2 million	\$8.9 billion

Action by Chief, Pricing Policy Division, Wireline Competition Bureau.

<sup>1</sup> See 47 C.F.R. §§ 32.11, 43.21, 43.43, 64.903.

<sup>2</sup> See 47 C.F.R. § 32.9000.

<sup>3</sup> Section 402(c) of the Telecommunications Act of 1996 mandates that we adjust this revenue threshold annually to reflect the effects of inflation since October 19, 1992, at which time the threshold was \$100 million. Pub. L. No. 104-104, § 402(c), 110 Stat. 56, 130 (1996). In accordance with the statute, we adjust the threshold based on the ratio of the gross domestic product chain-type price index (GDP-CPI) in the 4<sup>th</sup> quarter of the revenue year and the 4<sup>th</sup> quarter of the GDP-CPI for 1992.

<sup>4</sup> In the *Phase 2 Report and Order* released November 5, 2001, the Commission concluded that it would begin annually indexing for inflation the \$7 billion threshold used to separate the larger Class A carriers and the mid-sized carriers using the GDP-CPI index factor. Because this order was released in 2001, initially we used 4<sup>th</sup> quarter 2001 GDP-CPI as the base. See *2000 Biennial Regulatory Review – Comprehensive Review of the Accounting Requirements and ARMIS Reporting Requirements for Incumbent Local Exchange Carriers: Phase 2; Amendments to the Uniform System of Accounts for Interconnection; Jurisdictional Separations Reform and Referral to the Federal-State Joint Board; Local Competition and Broadband Reporting*, Report and Order in CC Docket Nos. 00-199, 97-212, and 80-286; Further Notice of Proposed Rulemaking in CC Docket Nos. 00-199, 99-301, and 80-286, 16 FCC Rcd 19911 (2001) (*Phase 2 Report and Order*). The Bureau of Economic Analysis (BEA) periodically changes the Base Period year. In 2013, the BEA changed the base year to 2009.

<sup>5</sup> GDP-CPI adjusted to 4<sup>th</sup> quarter 1992 (2009 = 100).

<sup>6</sup> GDP-CPI adjusted to 4<sup>th</sup> quarter, 2001 (2009 = 100).

<sup>7</sup> National Income and Product Accounts Table, Bureau of Economic Analysis, April 2014, Table 1.1.4, BEA Account Code B191RG3.

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